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Formalizing the Urban Informality Through Urban Regeneration Programme: Focus on Informal Trading in South Africa

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Abstract

In most cases, in South Africa, informal trading policies, which aim to formally integrate informal trading in an urban setup in order to harness the socioeconomic developmental potential often fuel tension. In essence, urban planning towards modernization of projects often contradicts plans to promote local economic development for informal trading. The objective of this paper sought to present the concept of a state-led and politically-facilitated urban regeneration programs to integrate informal trading in spite of the contradictions between the two (informal trading as an urban informality-unlawful, and urban regeneration as an urban formality-lawful) as a new theoretical construct in Africa using qualitative research, and case studies from the three metropolitan cities of South Africa, including the City of Johannesburg, Cape Town and Durban. The findings were that management approach towards informal trading in South Africa has shifted from a more repressive approach towards a regulatory approach, and are largely successful.

Keywords: *Informal trading, Informal economy, Urban informality, Urban regeneration*

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1. Introduction

Formalization, often connoted as a legitimate means of capturing previously non-compliant businesses has often been prioritize in most policy responses to street vendors. The concept is often portrayed by the World Bank, the United Nations and the International Labour Organization (ILO) as an instrument of empowerment to equip people within the low-income earning bracket in order to improve their well-being, and also to safeguard their activities within the ambit of the law. The process involved in formalization may include regulation of licenses/permits, markets, or zones that safeguard street vendors to operate within the confines the law (Vargas, 2016).

Making reference to international experience, Chenal (2016) reveals that many informal operators already pay taxes or fees, including Value-Added Tax (VAT) or various kinds of license fees to city authorities to operate, and are not hesitant to pay taxes or fees in exchange for benefits such as legal and social protection, support services: skills or business training; and also to be allowed to organize and to be represented in legal enactments, policy formulations and collective bargaining processes. However, formalization has mostly been rejected by people working in the informal

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sector, including informal traders. The reason being that most informal traders have argued that formalization of informal traders often laid emphasis on the recovery of public space with minimal attention paid to the laws and practices that control and affect their working conditions and livelihoods (Vargas, 2016). Also, pragmatically, informal trading in public space is not at peace with urban planning and regeneration projects as in most cases, informal trading compelled to renegotiate and assert their existence in these spaces of transition. In South Africa, informal trading policies have deviated from a historically retributive approach to a more regulatory approach. Hence, local governments, including the City of Johannesburg, City of Cape Town, and the City of Durban have incorporated informal trading into urban regeneration and modernization policies, particularly in transportation hubs as such areas are mostly the sites of interest to street traders due to their high pedestrian density features. This article sheds light on how informal trading businesses have been incorporated into transportation hubs in South Africa through urban regeneration programmes.

2. Definition of Key Concepts

2.1. Urban Informality

The concept of urban informality came as result of the dichotomy between the formal sector and the informal sector, discussed in the early 1970s (Tichelaar, 2016). Roy (2015) argues that informality described as ‘an idiom of urbanization’, is a way by which the state governs with uncertainty, flexibility. Her definition of informality as a mode of urbanism implies the cohabitation with other modes that overlap not only in spatial terms, but also in time. Roy’s theorization acknowledges that different modes of urbanization depend on the stages of integrating the ‘formal and informal’, the ‘legal and illegal’, the ‘rural and urban’, and the ‘global and local’. These stages of integration are indication of political approaches to informality, based on either structural exclusion from official discourse or practical inclusion of everyday practice. Thus, drawing from the divide between exclusion and inclusion, she portrays informality as an expression of sovereignty, and a state of exception produced by planning processes, particularly disregarding the structures of power.

Planners and policymakers usually see informal activities at best as undesirable enterprises that should be overlooked, and at worst as unlawful activities that should be stopped (Mukhija and Loukaitou-Sideris, 2015). According to Erika Kraemer-Mbula (cited by the informal city reader, 2013), informality is mostly regarded as an obstacle to urban development, and activities resulting from informalities are usually seen as detrimental, and tend to be opposed by local authorities.

Contrarily, Mukhija and Loukaitou-Sideris (2015) disagree with the general conception that informality is a space of marginality, irrelevance, and criminality. In support, Hernando De Soto describes informality as the illegal pursuit of legal economic ends. He maintains that informality is a “survival strategy undertaken by the poor with ingenuity and entrepreneurial spirit” (Tichelaar, 2016; Portes and Schaffler, 1993). Castells and Portes (1989) underpin that informality has a broader spectrum, including society embracing alternative situations. Hence, Aly Karam cited by the informal city reader (2013) argues that “We use the word ‘informality’ ... but the true meaning of what is happening is ingenuity in our cities. That is what it should be called”. He maintains that in the ‘developed world’, many of the formal things were once done informally, and that is the genesis of ingenuity. Making references to the images of Tokyo after World War II, and images of London, Paris and New York where slums were the norm, Karam contends that if the rules of the nineteenth century had prevailed on these cities, there would not have been the London, Paris, and New York of today.

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The concept of informality related to land, property and urban development has followed a parallel trajectory. The term “informal settlements”, was introduced in planning debate in the mid-1960 by Charles Abrahams and John Turner to designate urban areas growing outside the official regulatory framework (Villamizar-Duarte, 2015) in 2005, Ananya Roy proposed a radically different definition for urban informality. Informality, she stated, should be understood as a mode of urbanism: “an organizing logic, [a] system of norms that governs the process of urban transformation itself” (Roy, 2005). She developed her argument by unfolding two contemporary debates traditionally seen as contradictory. The first one portrays informality as anarchy, often characterizing the vast section of urban growth in the Global South; whereas the second one presents informality as an alternative path for development (Villamizar-Duarte, 2015). Roy’s

analysis of these two approaches, “one of crisis and the other of heroism” (2005) portrays informality as being in opposition to formality (Villamizar-Duarte, 2015).

On the global scale, different manifestations from different contexts of an informal urban mode are explored to determine their relevance in contemporary urban planning practice and theory. Amongst the questions asked are; if informality is an urbanization mode, then what does it look like in its locally situated manifestation? (Porter *et al.*, 2011). Porter argues that informality is associated with modes of human settlement, trade and exchange that occur outside of formal legal structures and processes. In the context of urban settlement, it is mostly considered in terms of slum development; in economic terms, it is mostly related to street vendors, labor migration and illegally employed and exploited workers.

Mukhija and Loukaitou-Sideris (2015) argue that informality and its settings signify an evolution of a landscape of opportunities and challenges and suggest the need for urban planners to respond to its realities in an appropriate manner. Recio *et al.* (2017) concur that opportunities associated with informality are mostly situated in the context of how people, particularly the poor depend on informal economic activities such as street vending to make a living.

Porter *et al.* (2011) contends that in the 21st century, major sustainable urban challenges such as rise in urban poverty and informality pose a challenge to urban planners as to how to handle such realities. Chatterjee (2004) opines that the challenges associated with urban informalities are not only about scarcity of information for policy-making and recommendations, but also a theoretical challenge as to how scholars comprehend and analyze how the state functions in relation to urban informality. Even though informality is understood at the political front, it is not firmly cast into the functionality of many states as the political understanding of urban informality has not yet been captured into normative thinking in planning, governance, public administration or policy context. Onyebueke (2013) posits that as urban informality continues to gain ascendancy, two main fundamental challenges are physically expressed in the global/local economic transformation. They include the challenge posed to urban planning and economic development imperatives. The urban planning imperatives cover the ideological and practical aspects of spatial design and use of public spaces in ‘informal cities’; whereas the development imperative speaks of the development possibilities and opportunities associated with the informal economy.

2.2. Informal Economy

Keith Hart used the term, informal to describe a series of economic practices situated outside the confines of official structures designed to regulate the economy and production of space (Hart, 1985). The definition of informal sector/economy remains elusive as the different schools of thought has come out with different definitions. The argument surrounding the definition of the informal sector evolved from the intricate linkages between the formal and informal sectors. As such, informal economic sector is often presented as opposite and sometimes mutually exclusive to the formal economic sector.

Informal economy includes businesses that ‘partially’ or ‘fully’ fall outside the ambit of government regulation, including employers operating in commercial activities and occupations outside the confines of the formal sector Israt and Adam (2014). According to Biles (2009), an informal sector exists as an opposition to formal work, including all forms of employment that are not considered to be formal. Hence, Villamizar-Duarte (2015) underpins that informality is the reverse form of formality. Graaff and Ha (2015) argue that the understanding of the term informal varies because its definition widely depends on which activities are considered as informal. In support, Biles (2009) contend that the distinction between the informal sector and the formal sector is mostly dependent on their characteristics, including the scale of firm operations, access to both financial and human capital, and availability and use of technology.

Tichelaar (2016) argues that informal economic sector exists in response to the harsh regulations dominating the formal sector. In support, Broadbent (2012) contends that the informal sector can be understood as those activities that are not part of accepted order, rules and norms, and is often associated with illegality. However, it is worth noting that contextual interpretation of legitimacy varies among developed and developing countries especially in low-income countries. According to the (ILO) (2002), whereas the illegality of the informal economy in developed countries often bothers on conscious effort made to shun the regulatory framework and evade taxes, in the developing countries, it comprises of livelihood strategies of mainly the poor in pursuit of economic gains. Hence, Graaff and Ha (2015) argue that it is inappropriate to equate informal activities to illegal practices. Referring to street vending which is mostly

regarded as an illegal activity, they argue that it is difficult to fit street vending into the common definition of informality as in some jurisdictions (including South Africa and India), they are regulated by state institutions.

With the advancements made in globalization, it was anticipated that informal economic activities would disappear. However, current trends indicate a growth in informalization because the desire to be self-employed is growing at a rate faster than salaried employment (Villamizar-Duarte, 2015). Correspondingly, the ILO (2002) expresses the optimistic view that the informal economy will be morphed into dynamic modern industrial economies given that appropriate economic policy measures are put in place. Illustrated by the assumptions of Arthur Lewis' theory of economic development, the primary conception was that the traditional sector comprising petty traders would be engulfed into the modern formal economy. Nevertheless, the traditional economy continues to persist even with the emergence and growth of modern economic systems and institutions. As such, the ILO to Kenya's "employment mission" confirms that the traditional sector had not only persisted, but had grown to absorb "profitable and efficient enterprises as well as marginal activities" (Ofori, 2007). In support, using Ghana's case as an example, Owusu *et al.* (2013) posit that in the 1970s and 1980s, traditional economies often fuelled by the pervasive poverty and widespread unemployment, particularly in Ghana were expanding at an intensified rate.

Whereas the concept of the informal economy is often considered to be more of a phenomenon in developing countries, developed countries are equally affected. However, the size of the informal sector by far outpaces the formal sector in many African countries and some Latin American and Asian countries as well. In support, Habitat III (2015) supports that in most regions of the developing world, more than one-half of non-agricultural employment comes from the informal economic sector.

Table 1: Informal Sector Employment in Some Selected Regions

World's Developing Regions	Employment in the Non-agricultural Informal Sector Economy
South Asia	82%
Sub-Saharan Africa	66%
East and Southeast Asia	65%
Latin America	51%
Middle East and North Africa	45%
Six Cities in China	33%
Eastern Europe and Central Asia	10%
<i>Source: Habitat III (2015)</i>	

3. Relevant Concepts to Informality

3.1. Capitalism and Socialism

Capitalism is defined as an economic system in which factors of production, including entrepreneurship, capital goods, natural resources and labor are owned and controlled by private individuals or businesses rather than the government. Capitalism's success is dependent on a free-market economy, driven by supply and demand. Western European countries are more inclined to capitalist economies and try to chart a middle course (Thangavelu and Boyle, 2021).

Meanwhile, socialism is defined as an economic system whereby government makes all legal production and distribution decisions, while the individuals are dependent on the state for food, employment, healthcare, and everything else. The government, rather than the free market, determines the amount of output (or supply) and the pricing levels of these goods and services. Communist countries, such as China, North Korea, and Cuba tend to favor socialism (Thangavelu and Boyle, 2021).

Actualizing informal sector economy in the debate of capitalist and socialist economies, there seem to be semblance in the two economic regimes. According to (Portes and Böröcz, 1988), high capital-intensive production and trade tend to remain in the regulatory confinements of formalization under the capitalist and socialist economic regime in spite of

their vast differences. In essence, capital-intensive activities do not simply switch to informalization. In common, both economic regimes may be penetrated by informal activities due to the need for flexibility to accommodate structural inflexibilities, unforeseen fluctuations in business conditions, seasonal variations, and structural changes resulting from business cycles. Moreover, in common with both capitalist and socialist economies, informal employment offers an opportunity for survival and economic ascent. Under capitalism, informality increases profitability by reducing labor costs and increasing the flexibility of production arrangements. In this manner, the informal sector contributes to the long-term survival of a certain regime of accumulation. Coincidentally, the informal sector economy portrays the same effect under the socialist economy. This is often achieved through by partially correcting the shortfalls of the system, and eventually contributing to the survival of its major actors, and other opposing forces (Portes and Böröcz, 1988).

Table 2: Differences Between Capitalism and Socialism

Indicator	Capitalism	Socialism
Ownership of assets	Means of production are owned by private individuals	Means of production are owned by government or corporation
Income equality	Income level is determined by free market forces	Distribution of income is done in accordance with the needs of the people
Consumer prices	Prices are determined by demand and supply	Prices are determined by the government
Efficiency and innovation	Efficiency and innovation are achieved through free market competition	There is less incentive for efficiency and innovation as businesses are mostly owned by the government
Taxation	Limited taxes based on individual income	High taxes are imposed in order to meet the public the budget for the high public service demand
Source: Longley (2020)		

Table 3: Differences Between Informalization Under Capitalism and Informalization Under Socialism

Informalization Under Capitalism	Informalization Under Socialism
Informality often arises in reaction to: <ul style="list-style-type: none"> • Union power • The regulation of the economy by the state through taxation and social legislation • International competition • The inability of Third World industrialization to fulfill formerly established labor regulations • Economic crises 	Informality often occurs due to bureaucratization of planning and the resulting pervasive shortages of capital, labor, and commodities. Under such conditions, informality may render a partial corrective measures to the stringent system, and eventually relaxing the economy for easy participation of individuals, households and companies.
Informalization of certain economic sectors decreases the power of organized labor and increases flexibility and profits for firms	Informalization provides an escape route and a means to avoid bottlenecks in a rigid centrally controlled economy. This situation directly threatens the state's regulatory powers, the very same powers the existence of a formal economy is firmly grounded on
Informality decreases union power, thus making labor more vulnerable to the market logic of capital and its allies in the state apparatus.	Informality creates an avenue for civil society to manifest itself separately from the state, hence, providing a short-term and individualistic, and alternative to a politically and centrally commanded economy
There is a consistent income differential which favors workers in the formalized sector than those in the informal sector	Informal sector contributes to a structural differentiation in income levels, since most working members of the society receive incomes through the state's welfare provisions, and salaries from the formal

Table 3 (Cont.)

Informalization Under Capitalism	Informalization Under Socialism
	economy. However, due to the low average income levels in the socialist sector, income levels of most workers in the informal tend to be higher than those in comparable positions in the formal sector except for members of the political elite, the bureaucratic apparatus, and top managers. The reason being that the informal enterprise earns additional income by supplying goods and services of high demand
<p>Informality tends to put downward pressure on labor earnings in two ways:</p> <ul style="list-style-type: none"> • By circumventing labor protection legislation, it decreases average labor costs of the society in general • By direct competition, it decreases either the size of the higher paid formal labor force or its level of remuneration 	<p>The effects of informality on average earnings are just the opposite:</p> <ul style="list-style-type: none"> • Evading the rigidities of the centrally steered economy may raise the wage levels in the formal sector, and ultimately leads to payment of extra income • Laying off the best qualified and most reliable workers may force the formal sector to invent directly or indirectly in order to meet wage demands and to retain at least part of its labor force
<p>In wealthier countries such as the United States, informality as a phenomenon is perceived to have been created and maintained due to the arrival of immigrant, hence, migration and informality are often interlinked. However, some researches have shown that informality may even exist under advanced capitalism in the absence of immigrant group</p>	<p>There is often no link between informal economy and immigrant group as in most socialist economic states, immigrants tend to form infinitesimal proportion of the population</p>
<p>Source: Author's construction (2021) adapted from Portes and Böröcz (1988)</p>	

3.2. Modernism and Post-Modernism

Modernism originated from the thought of 'European enlightenment' that roughly began in the middle of the 18th century. More specifically, it is a set of cultural tendencies, originally arising from wide-scale and far-reaching changes to Western society in the late 19th and early 20th centuries (Modernism, s.a:1), an era when Western European culture was becoming more urban, less rural, industrial, less dependent agriculture; and the influence of organized religion and culture in the lives of people paved the way for secularism (Barret, 1997).

The modernist theory was a rebellion against practical traditionalist values, and as such, most paradigmatic intention of modernism is the rejection of tradition and its reprise. Moreover, it supports and incorporates the actions of the people who, in their view, felt the "traditional" forms of art, architecture, literature, religious faith, social organization and daily life were becoming obsolete in the new economic, social, and political conditions of an evolving industrialized world (Modernism, s.a, p.1). In essence, using new and innovative thinking, and often a thoughtful and radical approach to move away from normal conventions are key features of modernism (Lewis, 2007). In essence, modernism had a paradigmatic approach against the obsolete, and this makes informal economic activities a challenge to modernist conceptions of the city.

Modernist planning emphasizes zoning and considers it rational, since it segregates and congregates the city into different land uses (Hlengwa, 2016). In support, a very prominent hero who propagated the principles of modernism, and set the tone for the modernist architect in the city was the Swiss architect Le Corbusier as reflected in some of his quotations:

I propose one single building for all nations and climates" (Ley cited by Natrasony and Alexander, 2005:11) ... "[T]he city of today is a dying thing because it is not geometrical"; we must "replace our haphazard arrangements...by a uniform layout. The result of a true geometrical layout is repetition...standard...uniformity (Moe and Wilkie cited by Natrasony and Alexander, 2005, p.12).

Lyon cited by Modernism (s.a, p.1) emphasizing on urbanism as one of the key accomplishments of modernism concurs that high influx of people from rural to industrialized urban areas as well as a tremendous shift in social life made work the focal objective of life. Modernism reached its climax during the 1950s and 1960s, due to rapid economic growth in the United States and, later, Europe and Japan. Under the modernist theory, planning where everything has to be ordered, the informal sector economy particularly street vending was not considered in the ideal city due to the connotation associated with it as being undesirable (Cross, 2000). In support of this, Serge Latouche states that "...informal workers are perceived as non-structured, non-official, non-organized ... a-normal ... a-legal ... non-capitalist ... non-visible and non-readable ... the other of the grand society." (Latouche, 1993).

Premised on such information, most cities tend to use restrictive approach in the management of street trading due to various reasons, including the desire for 'modern' / 'Western' types of urban order and "dreams of the 'global city', not (yet?) Africanized" (Bénit-Gbaffou, 2012). Owusu *et al.* (2013) underscore that unfair treatments often meted out on street hawkers were due to approximation of modernization with westernization by city authorities as they argue that the presence of large street markets were as a result of unsystematic nature of informal economy. In support, Donovan (2008) posits that often steeped with modernist undertones, vendors are usually perceived not as agents of innovation, but as anathema to city marketers.

Modernist approaches have often formed the ideological foundation of national legislation and policies that are hostile to informal businesses. Hence, efforts made towards regulating street trading are supported, mostly by the middle and upper classes in defense of promoting modernity, legality and public well-being (Batréau and Bonnet, 2016). With these patterns, the hostile orientation becomes a policy narrative, anchored in a modernist agenda which embraces control and order. As such, eviction and relocation appear to be the most common policy and legal approach employed in dealing with informal vending as a high premium is often placed on legality, image building, efficiency and order which are allegedly disturbed by informal vendors. However, such line of thinking appeals only to those who consider urban informality as irrational, and as a potential ground to foment crime activities. Again, such exclusionary approach appears to resonate with Kelling and Coles' (1996) "fixing broken windows" theory of law and order, which proposed that "small, highly-visible forms of urban disorder quickly led to breakdowns in community standards, and rapid proliferation of blight, vandalism and crime" (Recio *et al.*, 2017).

Nonetheless, in the 1970s the basic economic structure of modernism began to fail, particularly in the United States of America as a result of high unemployment (Harvey, 1990) compelling people to seek alternative forms of employment outside the legislative framework. Cross (2000) argues further that even at the epitome of modernist growth in the United States, not everyone was equally privileged as racial imbalances and gender inequality prevailed in the United States. White males secured good jobs in the factories and corporate offices established at that time. Similarly, in the Third World nations, growth was due to the advantage of the elite workers and managers, leaving the majority outside the modernist agenda. In a related development, Bhomik (2005) concurs that the early nineties saw an unprecedented soaring in the number of street vendors, particularly in Indian cities as most of the workers who were retrenched from industries, as well as rural migrants ended up in the informal economy, mostly as street vendors.

Meanwhile, post-modernism was in reaction to modernism, particularly in the 1970s and 80s (Hossain and Karim, 2013). Having been discontented with the troubles associated with capitalism, industrialization, cultural differentiation, urbanization and bureaucratization in society, many theorists argued for new concepts of life in society (Best, 1991). Post-modernism disregards universally accepted views, whether from the broader solutions embraced by comprehensive planning or whether from the aesthetics of uniformity supported by modern architecture or any inclinations towards economic development (Goodchild, 1990). Post-modernism exemplifies a shift from grand central plans to decentralized urban plans that deal with peculiar urban realities. More so, post-modernists reject the conventional views of reality that the modernists held. They consider the ideas of enlightenment to be invalid towards finding a solution to the issues of complicated society as promoted by the modernists (Huxtable, 2018). Thus, Barrett (1997) argues that post-modernism might better be called anti-modernism instead, since it is regarded as a reaction to modernism. Post-modernism is a 'culture' that emphasizes that "there is a better world than the modern one" (Hossain and Karim, 2013).

Post-modernism is a rediscovery of the value of human participation, a quest for wholeness and meaning, a perspective on the continuity between all levels of a multi-leveled reality. Post-modernism aims at providing an alternative approach to reality in a manner that could result in a significantly new and better way of understanding the world (Merling, 2005). Hence, Cross (2000), argues that post-modernism embraces the informal sector, and it recognises individuals to reclaim control over their lives. A principle which may or have led to growth and proliferation of small businesses in the 1980s, as the middle class seeks to avoid the control of salaried workers.

In a related development, according to McGee cited by Cross (2000), post-modernism stresses the benefits of diversity, favors the development of localized protest as a way of ensuring democracy and supports planning practices, which are often not taken into consideration owing to too much emphasis on formalized planning practices (Goodchild, 1990). Hence, Harrison (1996) argue that post-modernism embraces uncertainty and tolerates diversity. Considering this, Skinner (2008) contends that post-modernism's objection to actuality of a central hierarchy makes it more appealing to those concerned with informality.

4. Methodology

This study adopts a qualitative research approach, making use of publicly scanned desktop information that reflect on urban regeneration projects towards formalizing urban informality-informal trading. Moreover, it adopts a case study research approach to achieve the aim and objective. In this regard, the Retail Improvement District of Johannesburg, the Violence Prevention through Urban Upgrading (VPUU) Khayelitsha Central Business District (CBD)-Cape Town and the Warwick Urban regeneration were adopted. The purpose of selecting South Africa, and in fact the three metros, including the City of Cape Town, Johannesburg and Durban was due to the historical experience of informal trading as an illegality, in those metros. Nonetheless, despite the informal trading By-laws in the selected metropolis promoting the interest of other urban space users (motorist, pedestrians and investors) as argued by Agyemang (2021), there are still some cases projecting the interest of informal trading through urban regeneration programs.

5. Informal Trading in South Africa

Informal economy in South Africa evolved as a result of the economic restrictions on black people during the apartheid government (Van Der Heijden, 2015). Hence, in the context of South Africa, the words informal, black and illegal were often used to portray economic activities that were deemed to be unwanted and often associated with the black population. In South Africa, informal trading is defined as "the trading of goods and services in the informal sector by persons/enterprises who are not registered or incorporated in terms of the corporate laws of South Africa" (Broadway, 2017). Contrary to the official definition, in a practical sense, informal trading is a generic phrase given to any small business that falls outside the parameters of the formal economy.

The practice of informal trading was not legitimate under the apartheid laws and was barred from taking place in almost all urban spaces. According to Budlender (2003), under the apartheid regime, the traffic department of municipalities charged with the responsibility to manage street trading viewed the activity as an obstruction to traffic, and not as a business. Hence, unfavorable laws and policies were developed to restrict the growth of all forms of activities pertaining to informal trading. Local government By-laws such as the "Move On law", which compelled traders to change their position of trade every half hour or be sanctioned with harassment, made it difficult for the smooth operation of informal traders (Budlender, 2003). Also, the National Physical Development Plan that was published in 1975 (Jonker, 2014:35) discouraged the concentration of people and economic activities in a relatively small metropolitan area (Van Wyk, 2012). This did not favor street trading as the success of street trading mainly depended on a high concentration of human activities in a given area. In summary, Rogerson (2017) contends that street trading continuously suffered repression and strict control under the apartheid government. In support, Skinner (2008) states that "In South Africa, apartheid state's complex web of national and local laws effectively banned street trading".

However, South Africa saw a major shift in the political and legislative scene leading to a massive influx of labor into urban centers, more than the formal economy could take. The shift culminated into an astronomical growth of informal settlements on urban peripheries, informality and other pressures of rapid urbanization (Pieterse, 2017) in the 1980s. As such, the apartheid government could not restrict black people from urban space and informal trading, since most traders were into the sale of transportable goods and also traded from spaces that could not be easily noticed (Gamielidien and Van Niekerk, 2017).

The situation orchestrated changes in approaches and attitude towards the informal economy. In support, Lund and Skinner (2004) document that the apartheid government restructured its negative approach towards the informal economy by supporting the sector as an alternative way of welfare provision. The government began to acknowledge and recognize street trading in South Africa urban policies and laws, as an important livelihood source, mostly for the urban poor and historically disadvantaged individuals and communities. However, Gauteng City-Region Observatory Report (2018, p. 42) argues that the shift from apartheid street trading management approach did not change the negative perception surrounding street trading, as street trading was still associated with crime and filth. As such, limited number of licenses were issued in order to curb the growth of street trading. Moreover, the new street trading management approach restricted street trading to demarcated trading areas to curtail their growth. To buttress this, Morange (2012),

argues that “The municipality endeavors to contain street trading within formalized, spatially bounded areas, planned and managed by the city planners”.

Prioritization of public order and aesthetics led cities to pursue for controlled public spaces, while neglecting the realities on the ground. Hence, Jacobs (1961) contends that authorities often presume that “City people seeks the sight of emptiness, obvious order and quiet”. By the early 1990s, administrative changes towards the informal sector economy, including street trading were observed. Liberal approaches towards informal trading became more prominent in South Africa leading to the enactment of the 1991 Business Act to administer the sector. The Act recognized street trading as a business and acknowledged its vital role in the economy. The right to trade in public without harassment was ensured. Prior to the new law, street traders required a license to operate (Budlender, 2003). However, with the 1991 Business Act 71 coming into force, besides hawkers who were into the sale of food and perishable products, a license was not a pre-requisite. In effect, the prime object of the Act was to regulate where, and the manner and under which conditions street traders could operate. Though the new Act empowered the municipalities to determine where street trading may or may not occur, and also to decide on the punishment for violations, they were not to bar street trading from happening, nor necessarily criminalize the practice. In essence, the Act limited the powers of the local authorities to formulate policies that could obstruct informal trading activities. However, the Act charged the municipalities to adopt progressive By-laws to ensure successful management of street trading within their jurisdiction.

However, experience from Johannesburg, Cape Town and Durban Street trading indicates that trading without a permit is illegal. Hence, Tsoeu (2003) states that:

The main difference between the license system and the permit system as applied to specific areas is ones of legality. In the license system, everybody who trades without a license is committing an illegal act - the license regulates the very right to trade. In the permit system, people are free to trade legally in most areas, but in certain proclaimed areas they may not trade without a permit to trade in that area—the permit regulates trading space.

Currently the informal trading By-laws in all the three metropolitan areas of South Africa, namely the City of Johannesburg, Cape Town and Durban project the interest of other urban space users, including pedestrians, motorists and investors, and consequently aesthetics to the detriment of informal trading as a livelihood support (Agyemang, 2021).

According to Horn (2011), since 2000, the unemployment rate in South Africa has been between 24% and 30%. In South Africa, like most countries in Africa, expansion in the economy has not yielded to growth and redistribution of wealth. Consequently, many South Africans who are unable to find jobs in the formal sector fall in the informal sector as an alternative way of generating income. Rogan and Skinner (2017) contend that over 2.5 million people work in the South Africa informal sector including street trading though, in relative terms, the number is smaller than other developing countries. Hence, the policy for the informal economy mandates local government to create job opportunities (Municipal Systems Act of 2000). To accomplish this, the local government encourages and promotes a diverse mix of markets and trading opportunities as a tool towards creating diverse opportunities in order to narrow the gap between informal and the formal sector of the economy. In light of this, all the policies of all three metropolitan areas have adopted planning, design and management strategies to integrate informal trading in designated streets, public open spaces and markets in a positive well-managed environment (refer to the informal trading policy and By-laws of the City of Johannesburg, Cape Town and Durban).

Table 4: Policies and By-Laws Regulating Street Trading in the South African Metropolitan Cities

City	Policy	By-Law
Johannesburg	No information is given	City of Johannesburg Metropolitan Municipality Informal Trading By-laws
Cape Town	City of Cape Town Informal Trading Policy, 2013 (Policy Number 12664)	City of Cape Town Informal Trading Amended By-Law, 2013
Durban	The eThekweni Municipality Informal Economy Policy of 2001	eThekweni Municipality Informal Trading By-law of 2014

Source: Author's construction (2019)

5.1. Urban Regeneration and Informal Trading Nexus in South Africa

Alpopi and Manole (2013) define urban regeneration as actions aimed at solving urban challenges and finding lasting solutions to enhance the economic, physical, social and environmental aspects of urban areas, particularly areas subject to decay, by employing actions such as rehabilitation of historic areas, improving living conditions in residential districts, redevelopment of public spaces and modernization of urban infrastructure. The challenges that may call for these actions may include lack of identity of an area, lack of public spaces and high urban density.

Table 5: Urban Regeneration Programs Objectives

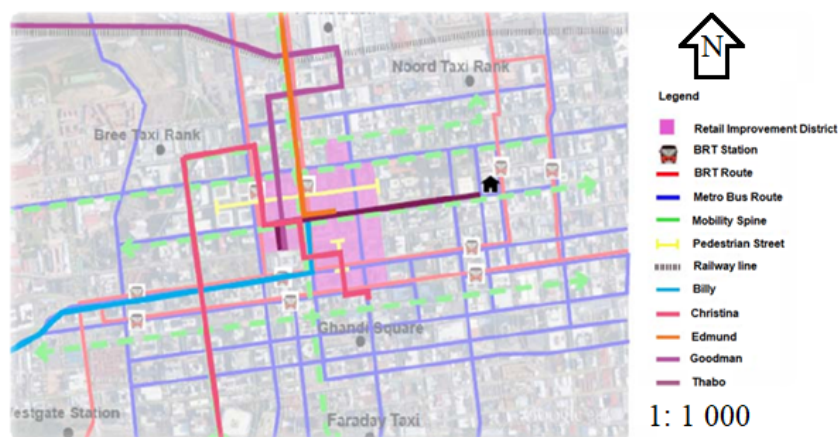
Action	Reason
Social	Enhancing the quality of life Ensuring that buildings and housing are developed to suit the needs of society Improving the image of residential communities Improving on communal relations and people's opinion on security
Economic	To enhance the value of an area
Technical	To ensure continuous maintenance of property within a certain jurisdiction to avoid unnecessary wear and tear to reduce long-term costs

Source: Alpopi and Manole (2013)

According to Agyemang (2021), urban regeneration is not limited to private led housing projects or spatial relocation of informal trading operators, often intended to maximize profit, but also it includes the redevelopment of a state-led informal trading projects to accommodate traditionally marginalized group, including informal traders. In South Africa, after the fall of the apartheid regime in 1994, eThekweni saw an influx of rural migrants into the city centre, and ultimately pressure on facilities and infrastructure culminating into proliferation of informal trading in major cities such as Johannesburg, Cape Town and Durban. In some instances, urban regeneration programs have been adopted to rectify the disorderliness that ensued after the demise of the apartheid regime. Moreover, the development aimed at legitimizing the informal use of space by addressing the needs of traders, particularly in terms of the right to land ownership, while contributing to the socioeconomic dynamic of the CBD.

5.1.1. The Retail Improvement District – Johannesburg

The Retail Improvement District was established in 2005 to accommodate street traders. The district borders on Jeppe Street to the north, Commissioner Street to the south, Von Brandis Street to the east and Harrison to the west. The traders



Source: Source: Suleman et al. (cited by Bénit-Gbaffou et al., 2012, p. 10)

Figure 1: Retail Improvement District Map



Source: Source: Bénit-Gbaffou (2015, p. 67)

Figure 2: Example of the City of Johannesburg Integrated Street Trading Experience

trade from a range of sites, two linear markets (Kerk and Joubert) on pedestrianized streets (Kerk and Joubert), and other forms of trading sites (demarcated sites on Joubert street, foldable metal stalls on Rissik and Pritchard along Edgar's shop, carved out trading niches into Shoprite's blind wall on President), which allows for a great diversity in terms of the size of trading sites, form and location as well as trading products as indicated in the images below. The precinct is managed by Urban Genesis Management who are paid by the Retail Improvement District property owners' board from their City Improvement District levy (Bénit-Gbaffou, 2015).

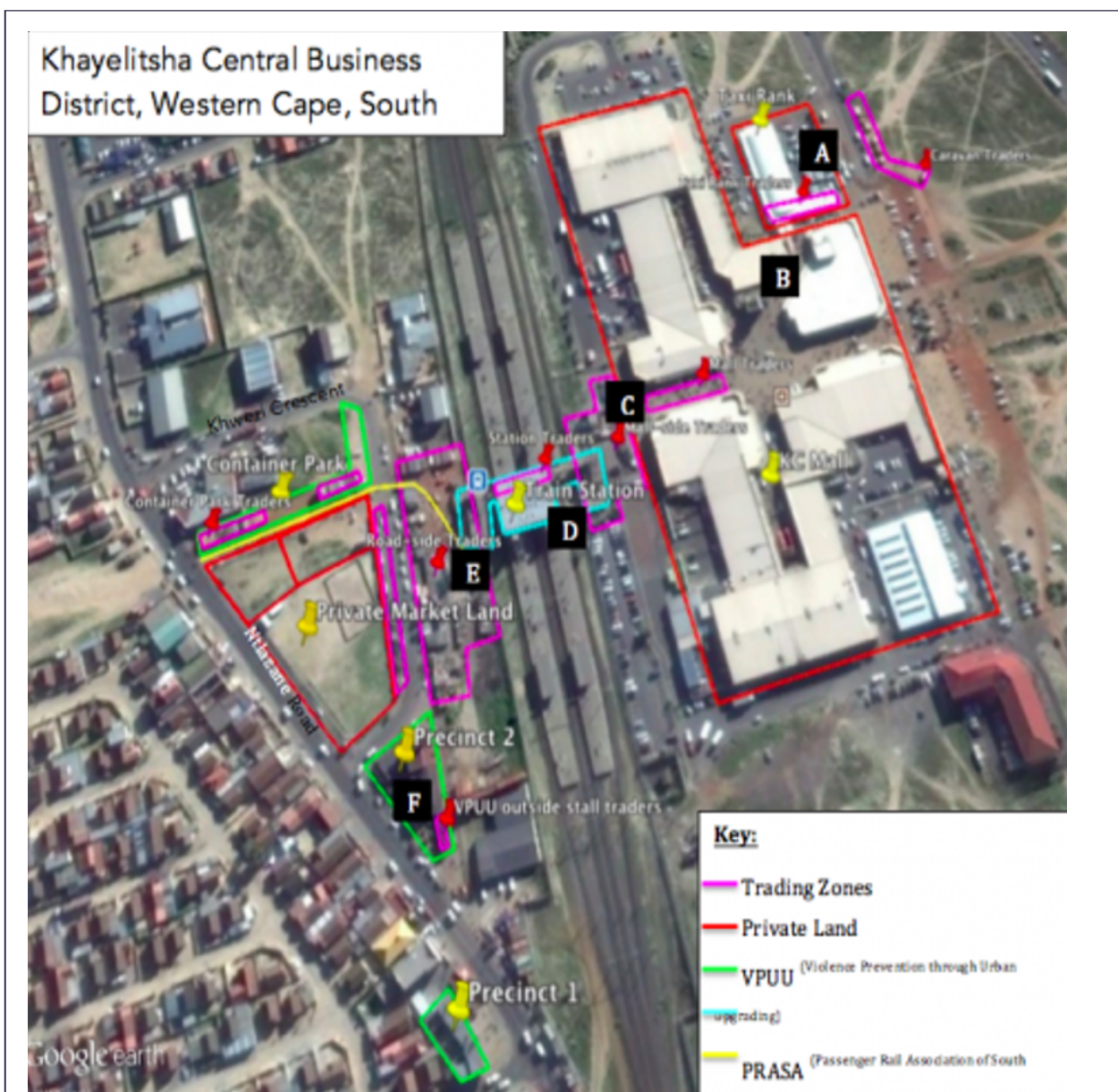
5.1.2. Violence Prevention Through Urban Upgrading-Khayelitsha CBD-Cape Town

The Khayelitsha CBD is located in Cape Town, and in the largest and Black dominated town township in Africa. The township is currently in a state of transition as it is undergoing extensive urban regeneration. The construction of the Khayelitsha CBD became necessary as part of the Mayor's Urban Regeneration Program (MURP) to redress historical underdevelopment, particularly in townships. With high unemployment rate in Khayelitsha and in South Africa in general, informal trading has become a dominant livelihood support strategy in Khayelitsha. As such Khayelitsha CBD, which serves as a hub for shopping and transport has become a hot spot for street trading business activities (Broadway, 2017).

In 2005, the VPUU, a private-public led project functioning as an agent of City of Cape Town and funded by the German development bank *Kreditanstalt Für Wiederaufbau* (German Development Bank) was launched in the Khayelitsha

CBD. *Kreditanstalt Für Wiederaufbau* (German Development Bank) is a private promotional bank specialized in the promotion of development programs in Germany and worldwide. Meanwhile VPUU specialized in urban management, community delivery services, community mobilization, spatial planning and public safety. Subsequent to the launching, in 2011 the Khayelitsha CBD Informal Trading Plan (ITP) was formulated to develop certain areas for informal traders. If implemented, the ITP would: provide traders with security of tenure by giving them designated trading spaces (based on a permit and fee system); facilitate improvements to trading infrastructure; and also enhance safety and security in the area (Broadway, 2017).

However, despite several audits, the ITP failed at the implementation stages, including planning, trader registration, bay allocation, and installing a permit fee structure. Hence, the informal trading space has remained largely underdeveloped and unregulated. The multiple interconnected actors, including informal traders, formal traders operating from the Khayelitsha Community Trust (KCT) Mall, semi-formalized traders who operate in grey spaces in Precinct 2; as well as various organization and agencies, including the City of Cape Town, VPUU, Passenger Rail Agency South Africa (PRASA), KCT, law enforcement agencies and private land owner in the Khayelitsha CBD is an indication of a contrasting levels of formalization (Broadway, 2017).



Source: Broadway (2017)

Figure 3: Spatial Organization of Street Trading in the Khayelitsha CBD

5.1.3. The Warwick Junction Renewal Pilot Projects-Durban

Warwick Junction is situated on the borders of the Durban CBD, in proximity to the Berea Station. It is centered on the busiest passenger railway station in the metropolitan area. The precinct is enclosed by Greyville to the north, Dr Yusuf Dadoo Street to the east, Dr Pixley KaSeme Street and the M4 to the south-east, Che Guevara Road to the south-west, and Bulwer Road (M8) to the North West ([eThekweni Local Area Plan \(LAP\), 2016, p. 241](#)). It is the largest transportation hub in Durban, with an estimated number of 300 buses and 1 550 minibus taxis departing from the junction daily. Also, 460 000 commuters and 38 000 vehicles go through the area daily to the inner-city ([Dobson and Skinner, 2009; Badsha, 2003](#)). More so, the area has very high concentration of informal workers, including street vendors and market vendors operating in all the nine district markets collectively known as the Markets of Warwick ([Dobson and Skinner, 2009](#)).

Historically, the Warwick Junction with a white population of about 20% was declared a white group area in 1963. However, due to the growth in anti-apartheid community organizations, the apartheid government grew weaker by the 1980s. Later, with the demise of the apartheid government after 1994, the area saw an influx of large numbers of informal traders leading to some challenges such as crime and competition for space. Thus, in response, the Warwick Avenue Coordinating Committee was set up in 1995, and a budget was allocated to mitigate the challenges and upgrade the area. The development led to the Warwick Junction Urban Renewal Project to tackle the urban management and design challenges, as well as to promote healthy security, transport, trading and employment, environment, services and facilities, housing, integration and investment in the area ([Dobson and Skinner, 2009; Kitchin and Ovens, 2008](#)). In the end, the project was successful. Since there are very few examples in South Africa or internationally where street traders have been integrated into urban planning through urban regeneration, the case of Warwick is worth telling.



Source: Google image (2019)

Figure 4: Warwick Junction Renewal Pilot Project

6. Conclusion

The paper discussed the policies and legislative evolutions in relation to informal trading in the three metropolitan areas of South Africa. It came to light that, unlike the apartheid regime where trading was curtailed through the use of hostile laws and policies, the current policies and legal frameworks acknowledge the importance of street trading as Livelihood. As such, the policies and laws support the need integrate, and safeguard the informal economic sector and small-scale medium enterprises in the spatial landform to ensure job provision. On this note, there has been a departure from the

policies inherited from the colonial regimes which curtailed on street trading to policies and laws that reflect much on the current situation of the South Africa cities.

The article revealed that despite informal trading posing a challenge to urban governance, by comparison the challenge posed to city authorities of providing jobs, particularly in developing countries to support the livelihood rights of the overwhelming number of urban poor remains a monstrous challenge. In support, Ofori (2007) argue that the requisite economic conditions needed to generate private and public sector employment at appropriate scale are lacking. Hence, Kusakabe (2006) recommends a street trading policy to safeguard the rights of street traders to space. Nevertheless, it appears the challenge for policymaker is how to incorporate street trading as an integral component of urban life into space management systems in order to harness the benefits associated with it. However, the article demonstrated that over time, public space types and facilities, including the transport hubs continue to evolve functionally to accommodate other space users, including informal traders. Therefore, the paper shed light on how informal trading policies and By-laws in South Africa have been translated into space through state-facilitated urban regeneration projects.

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